



30 June 2021

Aoife Wynter
Director, Employment Zones Reform
Department of Planning, Industry and Environment
Locked Bay 5022,
PARRAMATTA NSW 2124

Dear Ms Wynter,

RE: Public Exhibition: Employment Zones Reform Position Paper

We write this submission in response to the NSW Department of Planning, Industry and Environment's (DPIE) call for feedback on its Position Paper on the Employment Zones Reform. We would firstly like to commend DPIE for commencing this initiative to deliver greater clarity and flexibility on employment zones. This is seen as a positive step toward supporting a productive 21st Century economy for the State, particularly as it recovers from the disruption caused by COVID-19.

Leamac Property Group (Leamac) is a property development and investment company based in Sydney. Founded in 2010, Leamac has worked alongside institutional capital for a range of large complex development projects across Sydney and has developed a reputation for delivering quality development outcomes by working closely with all stakeholders through the development process.

With a range of large landholdings in Marsden Park, Turrella, Liverpool and Greater South Western Sydney, the Employment Zones Reform and proposed changes to employment zones throughout the State will have a significant influence on how we create new jobs within Greater Sydney. For this reason, we have prepared this submission and would welcome the opportunity for any further targeted stakeholder engagement in the future.

Feedback on the proposed Employment Zone Reforms

Generally, we support the DPIE's approach in reforming the zoning framework by delivering flexibility to employment zones to adapt to a rapidly changing economy. Technological advancements made since the adoption of the Standard Instrument LEP 15 years ago has allowed for cleaner and less intrusive operations of employment uses which has allowed land use conflicts to be easily managed. These advancements in technology and improvements in the way potential impacts from industrial uses are managed, provides the opportunity to think more strategically about the types of uses that are able to co-exist within employment zones areas.

The proposed 'Mixed Use' zone

We support the proposed 'Mixed Use' zone, in particular the inclusion of light industry as a mandated use to be permitted with consent. Again, this is a positive step reflecting the changing nature of employment uses and their impacts to amenity being significantly reduced over time as operations have evolved.

The transition of employment uses to cleaner and less intrusive operations has been recognised by the property industry in recent years, with a number of planning proposals seeking to integrate forms of light industry and urban services uses. One example is the planning proposal for 469 - 483 Balmain Road, Lilyfield which sought to ensure the ongoing provision of employment, service and creative enterprise / light industrial opportunities on the land. This included provisions which ensured the delivery of affordable housing, the ongoing presence of the creative arts, adaptive reuse of the existing building and the retention of employment uses on the site that were considered compatible with proposed new residential uses.

We look forward to seeing more opportunities of similar instances where co-locating residential and light industry uses can occur through the proposed 'Mixed Use' zone.

The proposed 'Productivity' Support zone

Overall, we support the establishment of the 'Productivity Support' zone. We note this rationalises the existing B5 Business Development, B6 Enterprise Corridor, some B7 Business Parks and some IN2 Light Industrial zones with limited industrial capacity with a view to support a mix of services, low impact industry, creative industry, manufacturing, warehousing, office and limited supporting retail.

We wish to highlight DPIE's guidance note that the 'Productivity Support' zone will generally not support residential use. In our view, this should not be interpreted as a blanket statement for Councils to create Land Use Tables which prohibit residential development within this zone. Rather, we see particular benefit in co-locating employment uses with residential uses under controlled circumstances where broader opportunities can be unlocked along with increased economic productivity. These instances may be present in employment areas that are currently performing poorly from a productivity standpoint, in which the introduction of residential uses may act as an enabler to renew and revitalise these areas and deliver employment space that is fit for purpose to meet contemporary needs for targeted emerging industries.

Furthermore, we believe there is merit in exploring opportunities to allow for residential uses within Productivity Support zones where opportunities can be unlocked to give effect to other Directions and Objectives of the Greater Sydney Region Plan, such as Direction 3 – A city for people; Direction 5 – A city of great places; Direction 6 – A well-connected city; Direction 8 – A city in its landscape; Direction 9 – An efficient city.

It is important to note that we are not supporting the integration of residential uses across all land proposed to be zoned 'Productivity Support', but for areas where it can be clearly demonstrated that a proposal will add substantially to the store of employment opportunities in the right industries, whilst also supporting the achievement of other key Directions and Objectives of the Greater Regional Plan.

To guarantee these opportunities are delivered under the right circumstances, and that they deliver the right outcome, it is recommended that DPIE explore the implementation of an assessment criteria to test the merits of proposals seeking to transform industrial sites/precincts zoned 'Productivity Support' into vibrant mixed use areas. This would mandate that proposed change to the planning controls for existing employment lands to allow for residential uses could not occur without meeting the underlying criteria. Proposals that meet the criteria would be able to proceed whilst any proposal that does not meet the criteria would not be supported, with the subject lands being preserved for purely employment purposes. Such a criteria may require the following to be addressed:

- how the subject employment area is underperforming from the economic productivity perspective;
- how a better planning outcome would be achieved by co-locating residential uses when assessed against the strategic planning framework;
- how the site/precinct is in a location that is highly suitable for residential uses, including access to jobs, transport infrastructure (public and active transport) and sources of amenity, such as quality public space and/or the Blue and Green Grid;
- that there is no net loss of employment generating floorspace that align with the objectives of the 'Productivity Support' zone;
- that efficient function, access, service arrangements and days/hours of operation would not be compromised by the co-location of residential uses;
- appropriate design measures to mitigate and manage any potential conflicts (e.g. safety, layout, orientation, access, servicing, design quality and public realm).

We believe this approach would provide a balanced merit-based framework to effectively manage employment lands within Greater Sydney, ensuring the ongoing retention and safeguarding of key strategic employment areas, whilst allowing for opportunities to innovate and reimagine employment precincts where it is needed and warranted.

SP4 – Local Enterprise zone

We support the proposed introduction of a Special Purpose – Local Enterprise zone to the Standard Instrument and its aim to allow for a bespoke land use response for unique precincts. We see the implementation of the proposed enterprise zone as a suitable approach for large-scale precincts where greater flexibility on the land use zoning

approach can allow precincts to adapt and respond to changing demands during the delivery and operational phase of a project.

It is noted that the Local Enterprise zone would be available to council/government under unique and predetermined circumstances that will be outlined by objectives and criteria set through a potential direction applying to this zone. We recommend that the proposed implementation of this zone is not exclusively available to State and Council-led rezoning process, but rather also available to proponent-led rezonings where the unique and predetermined circumstances criteria can be met.

Notwithstanding the above, we would also welcome the opportunity to review this criteria once this information is available.

Transitional arrangements

We note in DPIE's Positions Paper that the preparation of savings and transitional arrangements are currently in progress and we seek an opportunity to review these provisions when they are made public prior to gazettal.

Conclusion

We commend DPIE's proactive approach in reforming employment zones and providing further flexibility to support the 21st Century NSW economy particularly through the new 'Mixed Use' and 'Productivity Support' zone.

Notwithstanding the above, we encourage DPIE to further consider its position on residential land uses within the 'Productivity Support' zone as we believe there to be significant strategic benefits in co-locating some specific employment uses with residential uses under certain circumstances. As such, we reiterate our recommendation for DPIE to develop a policy approach that first and foremost ensures the effective protection of industrial land, but which also provides opportunities to support the co-location of residential uses within the 'Productivity Support' zone where it is warranted. To ensure these opportunities are delivered under the right circumstances, it is recommended that an assessment criterion for the 'Productivity Support' zone is established to test the merits of proposals that seek to transform appropriate productivity areas to allow other mixed uses to occur. This would provide a structured and transparent strategic merit-based approach to the management of employment lands within Greater Sydney, safeguarding key strategic employment precincts whilst allowing the industry to innovate and reimagine employment precincts where it is needed and warranted.

Furthermore, we recommend that the proposed implementation of the SP4 – Local Enterprise zone is not exclusively available to State and Council-led rezoning process, but rather also available to proponent-led rezonings where the unique and predetermined circumstances criteria can be met. We also welcome the opportunity to review the criteria to apply the SP4 – Local Enterprise zone once this is available.

We look forward to seeing the ideas that come out this engagement process and would welcome the opportunity to contribute further as DPIE begins to proposed employment reforms. Should you wish to discuss any of the above matters above, please feel to contact me at [REDACTED].

Yours sincerely,

Erika Pawley
Director, Projects
Leamac Property Group